



Director of
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SITUATION REPORT

VIETNAM-KAMPUCHEA-CHINA

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Vietnamese troops have captured Battambang, the last major town that was held by Kampuchean forces.

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By conserving supplies, Kampuchean units probably can hold out for several months, but they will find it increasingly difficult to sustain their operations.

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Press reports indicate that the Kampuchean forces stationed at Poipet, near the major border crossing into Thailand, yesterday escaped into the countryside. Because of Thai sensitivity about Vietnamese troops along the border, operations there probably will be conducted by Khmer insurgents or Vietnamese posing as insurgents.

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The ASEAN Foreign Ministers' communique issued Saturday in Bangkok on events in Kampuchea was stronger than anticipated in light of earlier disagreements within ASEAN but nonetheless fell short of condemning Vietnam directly. The Thai, in particular, were anxious to maintain a neutral public stance and as much flexibility as possible. [REDACTED]

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The Foreign Ministers' communique "strongly deplored the armed intervention" against Kampuchea and called for "the immediate and total withdrawal of the foreign forces from Kampuchean territory." 25X1

The ASEAN states' distrust of Hanoi and Moscow needs little encouragement. Nonetheless, they are anxious to avoid being caught in the middle of Sino-Soviet or Sino-Vietnamese disputes, and probably will continue to seek some balance in their relations with Peking and Hanoi. 25X1 25X1

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BRIEFS AND COMMENTS

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ETHIOPIA: Cuban Troop Reduction

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the withdrawal will proceed very slowly.

neither Havana nor Addis Ababa is confident that the Ethiopian military can cope with its various challenges without substantial help.

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Cuba is using only the twice-monthly Ethiopian airlines flights from Addis Ababa to Luanda, Angola, to take its soldiers out of Ethiopia. If so, no more than 3,600 Cuban military personnel could be removed in a year, and the actual number is likely to be well below that.

Speaking with a US Congressman last week, Ethiopian Foreign Minister Feleke said that Cuban military forces might stay on in his country--even if the threat to Ethiopia's territorial integrity in the Ogaden and Eritrea were eliminated. Cuban President Castro has apparently given no hint to recent foreign visitors--including UN Secretary General Waldheim and Iraqi leader Saddam Husayn--that a reduction of Cuban forces in Ethiopia is imminent, despite the fact that such a disclosure to Saddam would have removed a major irritant in Cuba's relations with an important Arab friend.

Meanwhile, Cuban troops stepped up their activity slightly in the Ogaden early this month when they cooperated in a major sweep operation against ethnic Somali guerrillas near Jijiga. With the prospect of increased Egyptian military support to Somalia, we believe that the Ethiopians would be especially reluctant to see a significant Cuban withdrawal now.

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NIGERIA: Discussion of Oil Weapon

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Nigeria's ruling military council believes [redacted] the interruption of Iranian oil supplies has increased the economic importance of Nigeria to the West and has provided it with a means of forcing Western countries to initiate full economic sanctions against South Africa. The council could not decide in recent discussions how to go about forcing compliance, but it agreed to explore ways of exploiting the situation. [redacted]

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Any decision would be influenced by Nigeria's overwhelming dependence on oil revenues for its economic well-being; oil receipts account for more than 90 percent of total foreign exchange earnings and some 80 percent of government revenues. The US now relies on Nigeria for about 15 percent of its imported crude oil and takes about half of Nigerian oil exports. [redacted]

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Nigeria's military rulers have occasionally debated the use of oil and other means to hasten the end of white-minority rule and apartheid in South Africa, but practical considerations have prevented firm action. Nigeria has strongly criticized Western economic interests in South Africa, for example, but has not implemented its threats to boycott foreign firms active in both Nigeria and South Africa because of the adverse economic impact such a move would have on Nigeria. [redacted]

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Nigeria's need to maintain oil revenues to support its lagging, underfinanced development program and to avoid instability, particularly during its politically difficult transition to civilian rule this year, make a total oil embargo against the West highly unlikely. Lagos might, however, consider threatening some use of the oil weapon if South Africa balks at complying with a UN settlement in Namibia and if Western states fail then to impose economic sanctions. The regime could, for example, threaten to impose selective production cutbacks, exert greater control over where oil is sold, or institute a complete takeover of the oil industry. [redacted]

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YUGOSLAVIA: Cut in 1979 Economic Growth Plans

The Yugoslav Government plans to cut GNP growth to 5.5 percent this year, a move it hopes will reduce the inflation rate to 11 percent. Actual growth and inflation, however, probably will exceed these guidelines because political pressures are likely to prevent unpopular economic constraints. The government is also projecting a hard-currency current account deficit of well over \$1 billion for the third successive year; such a deficit will mean that Yugoslavia will remain dependent on Western bank loans.

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A draft 1979 plan presented by the government last October included growth and inflation targets close to the 1978 targets of 7 percent and 11.5 percent, respectively. The government later lowered the targets for this year, in response to pressure from political leaders who feared the effects of inflation. The government plans to cut back domestic consumption and to encourage exports, but little improvement in last year's trade deficit of \$4.3 billion is likely because of sluggish world economic conditions. The deficit will increase Yugoslavia's hard-currency debt to about \$9 billion--primarily Western bank loans.

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President Tito has shown no inclination to intervene to impose restrictions on credits, prices, or imports. Such restrictions would boost unemployment--currently 6.5 percent--curtail consumer gains, and heighten friction among Yugoslavia's republics and provinces.

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CZECHOSLOVAKIA: Dissident Developments

The Czechoslovak Government is continuing its policy of inducing prominent dissidents to leave the country while it deals severely with those who choose to remain behind. [redacted] 25X1

Vladimir Skutina, a longtime activist and signer of the human rights manifesto Charter 77, has arrived in Switzerland, where he is expected to request political asylum; dissident playwright Pavel Landovsky recently left for Austria. In Landovsky's case, the authorities employed a tactic similar to that used with playwright Pavel Kohout in October: Landovsky may return to Czechoslovakia for visits if he refrains from political activity while abroad. [redacted] 25X1

The other face of the policy was demonstrated last week, when Charter 77 spokesman Jaroslav Sabata received a nine-month sentence for insulting a public official. Sabata, who reportedly refused an offer to emigrate, has been detained since October, when he attempted to meet with his Polish counterparts. The authorities imposed the maximum sentence allowable under the charge, and they may yet invoke an 18-month suspended sentence from a previous conviction. [redacted] 25X1

With Sabata in prison and the movement's two remaining spokesmen under close surveillance, the government has blunted Charter 77's activities in the country, and the continued loss of key members through emigration will further drain its vitality. Nonetheless, the dissidents will probably continue to try to embarrass the regime, as they did last month when they publicized serious accidents at a nuclear power station. [redacted]

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[redacted]

TURKEY: Defense Minister's Resignation

Defense Minister Isik resigned yesterday and was replaced by a technocrat, Senator Neset Akmandor. The resignation came at a particularly inopportune time for Prime Minister Ecevit, whose government has been in turmoil since late December, but it is not expected to cause the government to fall. The appointment of Akmandor indicates that Ecevit is anxious to avoid further strains within his Republican People's Party. [redacted] 25X1

Former Interior Minister Ozaydinli had resigned 12 days before, reportedly because of pressure from the left wing of the People's Party. Ecevit reportedly planned to make further cabinet changes to keep the left wing mollified, but Isik's resignation was unexpected. Isik is expected to continue to vote with the government in the National Assembly and thus maintain Ecevit's two-seat majority in the Assembly. [redacted] 25X1

The former Defense Minister said there were several reasons for his resignation. There is press speculation that the resignation was sparked by differences with Ecevit on military base negotiations with the US. Isik has been highly critical of alleged US favoritism toward Greece, although he is considered basically pro-American. [redacted] 25X1

The resignation may reflect Isik's dissatisfaction with his lack of authority. The Defense Minister traditionally is less important than the Chief of the General Staff; additionally, Ecevit has made all important defense decisions himself. [redacted] 25X1

Isik's replacement, Senator Akmandor, was Energy and Natural Resources Minister in Ecevit's 1977 government. He is a US-trained engineer who has the reputation of being a skilled administrator. Ecevit probably hopes that his appointment will be noncontroversial. On Saturday Ecevit named another noncontroversial Senator, former Prosecutor Hasan Gunes, to be the new Interior Minister. [redacted] 25X1

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[redacted]

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LEBANON: Restored Calm in Beirut

Beirut was calm yesterday following renewed fighting on Saturday between Syrian forces and Christian militias. Both sides appear to want to prevent a new outbreak of heavy fighting, but this will not be easy as long as they are in close proximity. In an apparent reaction to the fighting and to the attack by Palestinian guerrillas on the Israeli village of Malot, Israeli aircraft yesterday overflowed Beirut. Israel is almost certain to carry out some form of direct retaliation against Palestinian positions in southern Lebanon,

UN: General Assembly Meeting

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The 33rd UN General Assembly session, which resumes today in New York, faces several outstanding budgetary and administrative issues which are at the heart of tension between the Third World majority and the wealthier industrialized countries over control of the UN. The General Assembly session may complicate the Security Council debate on the Kampuchea-Vietnam conflict, as it gives the Soviets and Vietnamese an opportunity to challenge the credentials of the Kampuchean delegation representing the Pol Pot regime.

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SPECIAL ANALYSES

IRAN: Post-Shah Era

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The Shah's appointment of a Regency Council this weekend sets the stage for his departure, which could come at any time. In the following assessment, we re-examine the position of key individuals and present several scenarios on how the situation in Iran may develop once the Shah leaves.

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The members of the Regency Council all represent the establishment and are thus unlikely to appeal to the opposition. Ayatollah Khomeini has already denounced the Council as illegal; National Front leader Sanjabi told US officials yesterday that he would not cooperate with the Council or any other entity that lacks Khomeini's approval.

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Prime Minister Bakhtiar's government will almost certainly be approved this week by the Senate, but the vote in the lower house of parliament, the Majlis, is in doubt. many members have received death threats warning them to abstain or vote no. Bakhtiar's government will be approved in a close vote.

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Once the Shah leaves, we expect Bakhtiar will try to take credit for his departure. Some moderates in the opposition may try to give Bakhtiar breathing room out of fear of a military coup or a takeover by Khomeini, whom Bakhtiar has already invited to return.

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Bakhtiar faces formidable obstacles to holding onto power. He has no popular support and is regarded as a tool of the Shah by many in the opposition, including Sanjabi.

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Bakhtiar's best hope is to present himself as the only alternative to a military coup and chaos. He will argue that his government is essential to the transition to a new era. We doubt that he will be able to restore any semblance of order, however, unless he moves to bring into the government persons acceptable to Khomeini.

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Islamic Republic

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Judging by his recent comments, Khomeini clearly believes he is close to achieving his goal of establishing an Islamic republic but is worried by the prospects of a military coup.

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Khomeini plans to return to Iran soon to guide the revolution. He will undoubtedly be greeted by mass adulation, and any effort to arrest him might trigger civil war.

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Khomeini says he has a transitional Islamic Council of the Revolution in mind to replace Bakhtiar. at least three figures probably would be on the council--Sanjabi; Mohammad Beheshti, Khomeini's principal organizer inside Iran; and Mehdi Bazargan, the leader of the Liberation Movement of Iran.

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All three are astute politicians, but they do not have any recent experience in governing and they may not work well together. Bazargan and Sanjabi are longtime rivals. The opposition has never been cohesive and probably will fragment if it takes power, giving leftists an opportunity to play a greater role.

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Military Coup

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The only major barrier between Khomeini and power is the military. the Chief of the Supreme Commander's Staff has already warned Bakhtiar that he must move quickly to restore order or the Army will take over. Planning the military may move if Bakhtiar

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fails to secure approval by the Majlis. A military takeover would be blamed on the US and increase the risk to Americans remaining in the country. 25X1

If the senior officers arrest opposition leaders and are able to order key units to suppress demonstrations, they may succeed in the short term in restoring order in Tehran and some other cities. It is uncertain, however, whether the military can maintain order throughout the country and get the economy moving. Some members of the opposition may be cowed by a brutal crackdown, but Khomeini's hardcore followers are likely to turn to terrorism. 25X1

If the military moved to make some accommodation with the opposition and broke with the Shah, it might stand a chance of achieving a longer term political solution and of securing the cooperation of the majority of the labor force. Should the leaders of a coup insist on the retention of the Shah and fail to revive the economy, they risk a countercoup by officers more willing to make a deal with the opposition. 25X1

Communist Activities

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The left probably cannot come to power without military support. We have no evidence of leftist sympathies in the military. Senior military officers as well as many prominent members of the opposition, including Khomeini, over the past few weeks have expressed deep concern about recent increased activity by radical leftists. 25X1

The pro-Soviet Communist Tudeh Party and other leftists probably hope that once the Shah departs the Bakhtiar government or its successors will allow free political activity and grant an amnesty that would permit the return of veteran party cadre now in exile in Eastern Europe. The Tudeh has shown in the past that it can take advantage of opportunities to make rapid strides and is doubtless exploiting the collapse of Iranian antisubversive agencies to reconstitute its organization. 25X1

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MIDDLE EAST: Reaction to Iranian Developments

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Israel, Egypt, and Iraq have been officially silent on the Shah's fate, but all clearly view the collapse of his regime as having implications for their own interests. Israel and Egypt fear it will lead to growing Soviet influence in the region. Iraq shares this outlook to some extent and also worries that an Islamic fundamentalist resurgence will take hold among its own Muslim sects.

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Israel

The Israelis believe the Shah is finished, and--in the worst circumstances--fear that unsettled conditions in Iran could lead to the establishment of a radical regime and a major strategic setback for the West. They also believe that the leadership in Saudi Arabia will prove as vulnerable as the Shah to a wave of radical Islamic fundamentalism.

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The Israeli public seems to fear that the US, if denied access to Iranian oil, would become more dependent on Saudi supplies and as a result less capable of pursuing an evenhanded approach in the Middle East peace negotiations. Israeli Prime Minister Begin and his senior colleagues, however, will continue to be guided in the peace negotiations primarily by their considerations of Israel's vital security interests and their perceptions of US and Egyptian aims.

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The Israeli Government expects a successor regime in Tehran to terminate oil supplies to Israel. It is pressing Egypt for a long-term oil supply commitment and has searched for other supply sources, so far with little success.

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Egypt

The Egyptians view the situation in Iran with increasing alarm, and Egyptian President Sadat recently

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told Ambassador Eilts that he was deeply worried about the power vacuum in the region that would be created by the collapse of the Shah's regime. He suggested that the US and Egypt should cooperate in trying to bolster Saudi Arabia and other moderate governments to discourage what he sees as a growing Soviet threat. 25X1

Sadat also said Egypt is prepared to send troops to North Yemen and to Oman and implied he would pursue a more active policy of assisting friendly governments in Africa. He has directly shown his concern by seriously considering sending two tank brigades to Somalia to strengthen its defenses. 25X1

In addition, the Egyptian leader sees some advantages in the situation in Iran, the most important of which he believes will be greater US interest in strengthening Egypt. Moreover, in the wake of events in Iran, Sadat apparently believes the US will be more inclined to try to satisfy the demands of Arab moderates in peace negotiations. 25X1

It is not clear whether Sadat believes events in Iran reflect potential domestic political dangers for him, although he has recently taken actions that indicate he is aware of such a possibility. He has sidelined some corrupt officials and has permitted religious rightists the only public criticism of the Camp David accords. 25X1

Iraq

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There has been little official Iraqi reaction to recent developments in Iran. From Iraq's perspective, the optimum outcome would have been for a weakened Shah to retain his throne and the Iranian Government completely absorbed in domestic problems and unable to project Iranian power into the Persian Gulf. Iraq saw in such a situation a chance to wield dominant influence in the region. 25X1

The Iraqi Baathists would view with alarm the return of Ayatollah Khomeini to Iran and the establishment of

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an Islamic republic there. They fear this would encourage a reactionary sectarian resurgence among Iraq's Shia Muslims, who make up half of the population. The Iraqis would be even more disturbed if Communists or radical leftists assumed power in Iran, for fear this would pave the way to increased Soviet pressure on Iraq.

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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

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Iran

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The Shah will leave Iran for the US in two or three days, [redacted]

[redacted] he will stop in Aswan en route. Egyptian President Sadat is in Aswan and, according to the US Ambassador, is anxious to know when he can expect the Shah. [redacted]

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The Senate today approved the Bakhtiar government by a vote of 38 to 2, according to a press report. One member abstained, and 19 members were not on hand. The lower house is expected to vote on the government tomorrow. [redacted]

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Jordan

The US Embassy in Amman reports that Armed Forces Commander in Chief Bin Shakir yesterday complained to Ambassador Veliotis about Washington's diversion to North Yemen of F-5Es initially intended for Jordan. He said that the diversion, coupled with other military supply problems over the past 18 months, have led Amman to believe that such actions were taken because of its attitude toward the Camp David agreements or because the US no longer desires a close military relationship with Jordan. Bin Shakir affirmed that Jordan wants that relationship maintained and noted that Amman last month turned down an Iraqi offer of 150 Soviet-built T-55 tanks. He told the Ambassador that King Hussein would also be discussing the diversion with him. [redacted]

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USSR-Afghanistan

[redacted]
a Soviet military delegation led by General Kuznetsov arrived in Kabul last Wednesday and will return to the USSR this Thursday. Discussions on Afghanistan's acquisition of additional Soviet-manufactured military equipment reportedly will end today, and agreements pertaining to Afghanistan's defense and interior ministries allegedly are to be signed tomorrow.

COMMENT: *A number of Soviet military delegations have visited Kabul since the coup last April. The Afghans doubtless want additional equipment for use against remaining dissidents in the countryside.* [redacted]

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USSR-Italy

Moscow announced that Foreign Minister Gromyko will pay an official visit to Italy toward the end of the month.

COMMENT: *No substantial amount of business is expected to be transacted, but Gromyko will use the occasion to reiterate Soviet concerns over the prospect of Western arms sales to China. He is likely to talk with Pope John Paul II at the Vatican during the visit.* [redacted]

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